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12: Kormos S-4, 5 (no date) 1944
ED1 Rumania ED1

511 435 the economic position of the rural population appears to be lamentable.

648 722 **THE POLITICAL SCENE.** Both the internal and external policies of Rumania have been shaped by events on the battle fronts, and more particularly by the war on the Eastern front. The fact that Rumania is fighting side by side with Nazi Germany against the Soviet Union has had effects upon the national life of which the consequences are inescapable. The artificial stimulation of public opinion against the U.S.S.R., intended to galvanize the people into a fervent nationalism and unreserved support for Antonescu, proved no small embarrassment to him when the tide of battle turned so catastrophically against his Allies. Further, Rumania's position is also anomalous in the extreme. The severest blow which the country suffered during the past decades was the loss of two-fifths of Transylvania to Hungary.[1] Yet Rumania has been fighting in alliance with Hungary against the Soviet Union. At the same time friction between Hungary and Rumania has been one of the gravest problems in the

511 435 credits the farmers are unable to meet their most urgent obligations and, if no solution is found, an agrarian crisis is imminent which must influence the whole national economy.' A Bucarest paper stated in January 1944: '... there are two million farms without milk cows, 160,000 without hogs and 200,000 without even a single chicken. Unfortunately the Ministry of Agriculture with only two and a half per cent of the budget can do little to alleviate the peasants' lot.'

[1] The Czechoslovak President, Dr Benes, stated in London in March 1944 that the Soviet Union would insist on the return of the territories which Hungary stole from her neighbours, including Transylvania.

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Axis camp. Clashes between armed Rumanians and Hungarians have been very frequent, and the Press of both countries has kept up an unabating series of violent accusations.

The swift advance of the Red Army during the great winter offensive of 1943–4 had by the end of March brought Soviet troops well into Rumanian territory. Hastily-made arrangements for the evacuation of the Rumanian-administered province of 'Transdnistria', actually part of the Ukraine, and of the Bukovina and Bessarabia, in all of which an intensive policy of Rumanization during the past few years had failed to bear fruit, were thereby thrown into complete confusion.

The position of the Rumanian government at the time of writing can only be a matter of speculation. The old political parties have failed to provide an effective opposition to the dictatorship of Antonescu, though Maniu and Bratianu have indeed addressed several notes of protest to the 'Conducator'. The strength of the Rumanian underground movement is difficult to assess. There have been several clashes with the Germans,[1] some sabotage and lately also partisan activities.[2] Clandestine organizations

[1] Of the 500,000 Germans in the present reduced Rumania, over 42,000 have joined the Nazi S.S. divisions. Germans from the Banat and Transylvania make up the greater part of the S.S. division *Prinz Eugen*, which has been fighting against Tito's Army of Liberation in Yugoslavia for some time.

[2] There are also reports of stronger activity by the Communist Party of Rumania of which several members have been arrested. It is said that opponents of the Antonescu regime, of various party allegiances, have succeeded in forming the beginnings of a united 'national liberation movement,' of which the title suggests Communist leadership.

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722 amongst railway workers and in the industrial areas around Brasov, Ploesti and Bucarest have lately gained some influence.

648 **RUMANIA AND THE WESTERN ALLIES.** The American air attacks on the oil district of Ploesti first made the Rumanians realize that the war was drawing near them. The capitulation of Fascist Italy was the second blow. But the decisive and all-important factor was, and remains, the advance of the Soviet troops. The last hope of the present government and its supporters lay in a conflict between the Western Powers and the U.S.S.R. They have frequently protested that they do not consider Rumania to be really at war with Britain and the United States. Therefore, the decisions of the Moscow and Teheran Conferences were regarded by them as blows directed against their very existence. Subsequent Press statements, however, show that they still hoped to gain the sympathy of Britain and America; and the journey of Prince Stirbey to Turkey and Egypt in March 1944 could have no other explanation. (This gentleman owns most of the land around Ploesti.) Recently a prominent Rumanian journalist wrote that the country's present position is similar to the pre-revolutionary era of 1917. Then, he said, the worst was averted by granting certain concessions to the people, and he went on to demand that a similar step be taken now for the same purpose. Unwittingly, this Rumanian propagandist has truly summed up the position of his class. It is prepared to do anything to keep its privileges and its powers. Its representatives will side with whoever assures them of the continuance of their rule. As

146 Largely because of its cost, the consumption of
262 sugar is very low, except among the well-to-do in the towns. (To encourage sugar-beet growing, a high price was set by the Government.)

[785] The diet is further impoverished by the long religious fasts—seven weeks before Easter, six weeks before Christmas, two shorter summer periods, plus Wednesdays and Fridays of each week. The diet during the fast includes practically no food of animal origin. Children under 10 years do not normally observe these fasts and, in fact, usually have a better diet during these periods since more milk, eggs and butter are available for them.

The diet, though fairly adequate in energy value, is short of animal protein, fats and calcium; moreover, where maize is the principal cereal lack of vitamin B_2 may be very serious. Various symptoms of vitamin and mineral deficiencies are [165] observed, and the high infant-mortality rate—the highest in Europe—is also partly due to malnutrition. One of the most serious effects of the poor diet is the nervous disease pellagra, caused by this deficiency of the vitamin B_2 factor. In Moldavia, where maize is the staple food, about 5 per cent. [164] of the rural population suffers from pellagra every spring. In the whole country about 3,000 deaths occur each year from this disease (compared with 4,000 in the maize-eating southern states of U.S.A.).

The average annual pre-war food consumption of Rumania is shown in the following table, with comparative figures for the United Kingdom.

Average per Head Consumption

	Rumania		*United Kingdom*	
	Kg.	*Lb.*	*Kg.*	*Lb.*
Wheat and rye	104	229	129	285
Maize	160	305	—	—
Potatoes	50	110	84	185
Sugar	5	11	43	95
Meat	17	37	63	139
Milk	70	123*	94	165*
Butter	1	2	11	24
Pig fat	4	10	5	11
Vegetable oil	1·5	3	—	—
Margarine	—	—	4	10
Calories per day	2,700		3,100	

*Pints

B. WAR-TIME CHANGES

1. Territorial Changes

728 The net effect of the territorial changes which
241 have occurred since 1939 is the loss of Northern
311 Transylvania to Hungary and of Southern Dobruja to Bulgaria. For two seasons' crops, 1940 and 1941, Rumania was without Bessarabia, but in the late summer of 1941 she not only regained Bessarabia but acquired administrative control of the Soviet territory now styled Transnistria, and this has made small contributions to the food supplies of Rumania in 1942-43. Ignoring Transnistria, however, Rumania lost 12 per cent. of her former arable area and grain production. The Transylvanian areas ceded to Hungary, though not rich agriculturally, probably needed only small imports of grain to supplement their own production, while south Dobruja, though a surplus producing area, contributed only a fraction to Rumania's total agricultural production. The country's potential agricultural export remains, therefore, substantially what it was before the war.

241 ### 2. Agriculture in War Years
722 Germany, at the outbreak of the war, looked to the Danube countries, and to Rumania in particu-

241
722 lar, for grain, oilseeds and livestock products to provide the balance of food and fodder requirements which she could not obtain from her own agriculture. The normal grain surplus - and the potential output of sunflower and other oilseeds appeared sufficiently large to provide a solid basis for these expectations. Owing, however, to wartime dislocations of economic life, to the absence of adequate administrative control of farming, to the lack of co-operation by the peasants, and, above all, to a succession of unfavourable seasons, these hopes have been almost entirely falsified.

Firstly, in 1940, Rumania lost Bessarabia, her principal surplus region, to the U.S.S.R., and with it all that year's crops. When she regained it in 1941 she obtained no surplus out of that harvest, and, because of disorganisation, little in 1942. In rump Rumania, in 1940 and 1941, the grain harvests were substantially below the average owing to reduced sowings (partly caused by mobilisation) and to disappointing yields. A determined effort was made by propaganda and the release of labour to bring sowings back to normal for the 1942 season. But the early onset of an unusually severe winter again reduced the sowings, while a serious drought in the summer of 1942 reduced the yields.

722 [243] There was a deficiency in wheat sowings of over a million hectares, while grain yields were barely 60 per cent. of the average. The out-turn of the year was consequently worse than that of the two preceding years. Wheat and rye yielded only 1·3 million tons compared with an average for the territory of 3·6 million tons. The maize crop was a little less than 3 million tons compared with an average of 4·7 million tons. The total grain production was about 5·5 million tons, a quantity inadequate to meet the requirements of food and fodder at any approach to normal levels.

[24] Other crops were more successful in 1942, but they could not appreciably offset the disastrous grain results. The potato crop reached an average level for the first time during the war years, and part of it was used to stretch the deficient wheat for bread making. There was also a good crop of beans and peas, largely because as their prices were not controlled, they were very remunerative crops. The sunflower crop, though sowings failed to reach the ambitious target and yields were only 60 per cent. of normal, was of record dimensions. Soya, rape and sugar beet declined, however, from earlier levels. (A significant supplementary supply of sugar is now being obtained from Transnistria.)

[23] These for the most part poor crop results, besides curtailing the supplies available for human consumption and exports, also brought about a reduction in livestock numbers at the end of 1942. Livestock numbers may, however, have increased somewhat in 1940 and 1941, for it was reported that peasants held back more grain than usual in those years for livestock feeding. If this is true, numbers would now probably be little different from those of pre-war years.

[241] Crop prospects for 1943 point to a more normal result. The winter of 1942-43 was late and mild, making it possible to sow a near-average acreage of winter crops. Preparatory work for spring sowings was also done in good time, and on the whole the weather subsequently has not been unfavourable.

722 549 Tobacco cultivation appears to have declined in the war years, principally because the prices were even more unattractive than those of grain. In 1942 the area sown was reported to be little

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722 more than half the normal, but the efforts in 1943 [249] to recover to a more average crop may have succeeded.

3. Fish

[208] The general food shortage in Rumania gave a great fillip to the fishing industry. In the 12 months April 1942 to March 1943, some 40,000 tons of fish were caught in State waters besides 13,000 tons in rented and private waters. This is almost double the largest pre-war catch. During 1942 some 6,000 tons were salted down for winter use. In order to promote and introduce better organisation into the fishing industry a German-Rumanian Company has been established, the "Marea-Neagra," which will devote special attention to developing the Black Sea fisheries.

4. Agricultural Exports

439 The pre-war level of grain exports was well 243 maintained in 1939; wheat in particular was prominent with over a million tons. The exports of 1940, however, showed an immediate reflection of territorial changes and war shortages. Total grain exports in that year barely reached a million tons compared with the pre-war average of about 1·6 million tons. The following year showed a still sharper decline, wheat reaching only 5,000 tons and maize 120,000 tons. In 1942, despite the recovery of Bessarabia, it is most unlikely that even this level was maintained.

439 Oilseed exports, despite direct German interven- 249 tion aiming at an expansion of the crop, also fell below pre-war levels. Sunflower-seed exports, the principal oilseed, fell from an average of 30,000 tons in 1935-38 to 12,000 tons in 1940 and to 5,000 tons in 1941. Exports following the 1942 crop, though probably better, were not at all commensurate with the increased production, for a serious shortage of edible oil and fat had meanwhile developed in Rumania owing to decreased supplies of pig fat and to the retention by the peasants of their seed for consumption at home, or for disposal on the Black Market.

5. Administrative Control

241 Not even the most complete and efficient system 656 of administrative control could have assured the 435 country's food supplies and exports at normal levels during these three unfavourable years, but it is clear that Rumania's food difficulties have been aggravated by mistakes in economic policy and inadequate control measures. Bureaucratic methods of handling the peasants aroused antagonism and resistance. Supplies of tested seed and other farm requisites were not made available in time. On the collection and supply side too much power was left in the hands of local prefects. But the most serious shortcoming of the official administration was the failure to establish a price control, and an appropriate relationship between agricultural prices and the cost of the things farmers buy. (In the absence of effective discipline this ratio needs to be strongly in the producers' favour if production and marketing of foodstuffs is to be maintained.) Prices of consumers' goods rose rapidly, owing to shortages, while the Government pegged the prices of farm produce at comparatively low levels. Consequently, the peasants curtailed production and sought better prices by selling much of their produce through Black Market channels. The mistake was officially admitted in the autumn of 1941 when grain prices were more than doubled, but the position still remained unfavourable to

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3. Transport

315 For the transport of oil both for internal consumption and for export, Rumania relied largely upon railways, and except between the wells and the refineries, only a relatively small proportion was transported by pipeline. The three main pipelines were State-owned and were laid mainly for the transport of oil for export: one for white products from Ploeşti to Constanţa with a capacity of 810,000 tons per annum, and two lines for crude and heavy residue from Ploeşti to Giurgiu with a combined capacity of 300,000 tons per annum.

The total quantity of oil through three lines in 1938 was 800,000 tons; 13 per cent. of the exports from Constanţa and 17 per cent. of those from Giurgiu were handled in this way as well as the internal transport of some 184,000 tons of crude [497] oil. The Rumanian fleet of 8,000 tank cars was ample to handle all the oil transported by rail.

The main channel for exports was Constanţa on the Black Sea, through which 3·3 million tons were exported in 1938, as compared with only 935,000 tons through Giurgiu for transport up the Danube.

C. THE INDUSTRY IN WAR-TIME

1. General

315 ●722 The war has completely altered the orientation of the Rumanian oil industry: normal export trade routes through Constanţa and the Mediterranean were cut and exports to most countries in Continental Europe came under German control as soon as the Germans were astride the Danube at Belgrade, and the main railways through Poland and Yugoslavia. Not only were normal export channels disrupted, but the Rumanian oil industry lost the services of all its foreign technical experts, and could no longer get from the United States supplies of drilling and refinery equipment on which it had very largely relied.

The inevitable result of all this was that in spite of the urgent need for increased production and all German efforts to obtain this, the downward production trend was not halted in 1941, and only 5,483 million tons were produced. That year was, however, one of abnormal difficulties owing to the necessity for reorganising the industry on a war-time basis, rapidly rising prices of almost everything but oil, shortage of man-power owing to Rumanian mobilisation, the difficulty of getting equipment, and above all an abnormally severe winter which hampered transport so severely that production had to be restricted for lack of storage. By dint of continuous German pressure and increased control of the industry, production in 1942 probably reached 5.6 million tons.

Internal consumption has, however, not decreased and is thought to be running at a rate of 2 million tons a year, which leaves between 3 and 3½ million tons available for the Axis and neutral countries in Europe. Italy gets approximately one million tons a year, Germany two million tons, and small quantities go to Switzerland, Sweden and Turkey.

315 439 Except during the winter months when navigation on the Danube is suspended, the majority of exports to Italy go by pipeline to Giurgiu and thence by barge to river ports in Yugoslavia or Hungary for transhipment to Italy by rail-tank car. One of the results of the reorientation of Rumania's oil export trade has been the greatly increased use made of the river port of Giurgiu.

[14a]

497 (b) *Passengers*

In 1938, 48.7 million passengers were carried over a total distance of 3,765 million km. (2,339 million miles) for an average journey of 77 km. (48 miles).

II. War-time Changes

1. Territorial Changes

496 722 Few railways have so far undergone greater changes, both on account of territorial transfers and alterations in traffic flows as a result of the war than the Rumanian State Railways. Firstly, in 1940 the system suffered considerable dismemberment, in June 1,665 km. (1,032 miles) of standard and 65 km. (40 miles) of narrow gauge in Bessarabia and Northern Bucovina were taken over by the U.S.S.R.; then in September the Vienna Award resulted in the transfer of a large part of Transylvania, including 1,750 km. (985 miles) of standard and 355 km. (220 miles) of narrow gauge line to Hungary, and 70 km. (43 miles) of the Southern Dobruja line were ceded to Bulgaria. Following the German attack on the U.S.S.R. in June, 1941, the Bessarabian and Northern Bucovina lines were recovered in the early autumn of that year and, at the beginning of 1942, the Germans placed the control and operation of the railways in the newly created province of Transnistria in the hands of the Rumanian State Railways. The Transnistrian system consists in essence of the Odessa-Zhmerinka section of the Odessa-Kiev-Lwow main line and all branches (including the Zhmerinka-Mogilev line) on both sides as far as the Dniester (frontier with Rumania) in the west, and the Bug (frontier with the Ukraine) in the east.

Apart from Bessarabia, Northern Bucovina and Transnistria, the Rumanian State Railways have not so far suffered any substantial direct physical damage. The Russians on their occupation of Bessarabia and Northern Bucovina in June 1940 at once converted all lines from the standard European to the Russian gauge, a task which was made easier by the fact that the system had, prior to 1920, been Russian gauge. The Russians, in spite of the resultant difference in gauge, insisted on taking over all standard-gauge locomotives and rolling-stock formerly in use in the territories, even where this had already been withdrawn by the Rumanians. The Russians during their subsequent evacuation of these provinces, and also of Transnistria, withdrew or destroyed virtually all their locomotives and rolling-stock, and on the whole effectively damaged or destroyed the track, bridges, stations and equipment. The Rumanians, therefore, found themselves faced with the task of reconstructing and reconverting back to standard gauge the lines taken over, and of providing the necessary locomotives, rolling stock equipment and staff to work the traffic. The Transnistrian system from the railway point of view represented a liability rather than an asset.

It was not until the end of 1941 that the lines in Bessarabia and Bucovina were all re-opened, and until early in 1942 that traffic was being worked to and from Transnistria. The Transnistrian system possesses a measure of autonomy, believed in practice to be mainly legal and financial, but for practical purposes the lines are operated as an integral part of the Rumanian system. The transfer of the Transylvanian lines to Hungary and the Southern Dobruja line to Bulgaria were effected without any physical damage and, as far as is known, no locomotives or rolling-stock were handed over by the Rumanians in either case. The change was primarily administrative, but

496 normal traffic was disorganised for several weeks
●722 owing to troop movements, the transfer of population, evacuation of equipment and other problems incidental to the transfer of the territory.

497 All these changes of necessity caused con-
722 siderable problems, particularly administrative, and considerably affected traffic working. Of the four Divisions in 1939, most of the Cluj Division including Cluj itself and the Tunel-Cluj-Oradea section of the Bucarest-Ploești-Cluj-Oradea-Budapest main line, together with part of the Timișoara Division, were transferred to Hungary. Half of the Cernăuți Division, including Cernăuți itself and a section of the Bucarest-Ploești-Cernăuți-Lwow main line, was transferred to the U.S.S.R., and parts of the Bucarest Division were transferred to all three countries. The operation of the system was reorganised and centralised under a military directorate in Bucarest, to which German liaison officers have been attached to co-ordinate working and ensure that all German requirements are met. While these officers must presumably have certain powers, and there are also German officers—thought to be equivalent to R.T.O.—at the more important junctions and traffic centres, there is no evidence that the Rumanian State Railways have ever been under direct German control, or that their autonomy has been seriously impaired.

The Rumanian Authorities have had to cope with all these territorial changes and resultant administrative problems during a period when traffic was both considerably heavier than, and the flows entirely different from, before the war. The closing of the sea routes between Rumania and Germany in September 1939—and since June 1940 largely with Italy and the Northern Mediterranean coast—resulted in the transfer to the Danube or to the direct rail routes, of all traffic between Rumania and Germany, Italy and the rest of Europe. Owing to the closing of the Bucarest - Ploești - Cernăuți - Lwow - Przemysl - Cracow-Silesia main line from September 1939 to December 1941 (except for a trickle of traffic for a few months) on account of the occupation of Eastern Poland by the U.S.S.R., the Bucarest-Ploești-Brașov-Copșa Mică-Teiuș-Cluj-Oradea or Teiuș-Arad-Curtici, and Ploești-Bucarest-Orșova-Timișoara lines were called upon to handle all this traffic. An exception was that sent via the Danube, which had to be rail-hauled to and from the Danube ports, particularly Giurgiu and Orșova. Oil has been, apart possibly from military movements, the most important single traffic; and, in general, German traffic has been sent via the Ploești-Teiuș-Oradea and Arad routes and Italian traffic via the Bucarest-Timișoara route.

From early in 1941 when the Germans began to move into the Balkans, first for the Yugoslav/Greek and then the Russian campaign, the Rumanian railways have had to carry in addition large numbers of troops and quantities of supplies. During the Yugoslav campaign when all routes to Greece and Bulgaria via this latter country were closed, the only all-rail route (apart from ferries over the Danube) into Bulgaria was that via the Cernavodă Bridge and the Dobruja. Rumania served an important rôle as a base for the attack on the Ukraine, and as the German front moved eastwards the Bucarest-Ploești-Buzău-Cernăuți, Buzau-Galați-Teghina and Bucarest-Constanța lines became important as supply routes to the Eastern Front.

2. New Construction and Improvements of the Railway System

499 The lines, which with the exception of the Bucarest-Ploești-Câmpina and Ploești-Buzău sec-

[41 a]

499 tions, were virtually all single track, were never designed or equipped to carry traffic on this scale. An elaborate programme of new construction and improvement works, certain features of which had been contemplated by the Rumanians for some years, was put in hand to increase the capacity of the various routes. On the routes to the west, the doubling of the Câmpina-Braşov section was pressed forward rapidly and completed by January, 1941, and work is also reported to be in hand on the doubling of sections of the Braşov-Sighişoara-Copşa Mică-Teiuş line. On the routes to the east, the Ploeşti-Buzău double-track section has been extended as far as Adjud on the Cernăuţi line and N. Filipescu on the Galaţi-Tighina line. In addition, extra sidings and new passing loops have been built, and improved signalling and telegraph and telephone circuits have been installed to increase the capacity of the single-track sections. A considerable mileage of line has also been relaid with heavier rails to permit of the use of more powerful locomotives. Work is also in hand on the construction of a number of new lines, including a new line 202 km. (125 miles) long from Bucarest via Videle-Roşiori-Caracal to Craiova, to shorten and relieve the existing route via Piteşti; new lines from Bumbeşti to Livăseni and Deva to Văscău; a new line from Ploeşti to Târgoviste and certain new routes in Bessarabia. Work on several of these lines is understood to be well advanced, and the Bumbeşti-Livăseni and Bucarest-Caracal-Craiova lines are, according to the latest evidence, likely to be completed in the autumn of 1943. Also the long-projected train-ferry between Giurgiu and Ruse was finally brought into use in June, 1941.

497 In spite of the relief granted by these improve-
● 722 ments, the heavy volume of oil, military and other urgent traffic could be worked only by severe restrictions on ordinary passenger and freight traffic. The restrictions have inevitably varied from time to time and been most severe during periods of heavy military movements and during the winter when the weather has made operating difficult. Passenger-train services are more or less on a skeleton basis, and are at about one-third of pre-war level; yet the principal long-distance trains still carry restaurant and sleeping-cars. Certain restrictions ahve been imposed on travel and the restrictions on freight traffic have had serious economic consequences, particularly on the distribution of firewood. The shortage of locomotives and wagons, particularly since the recovery of Bessarabia and Northern-Bucovina and the taking over of Transnistria, has been acute. In the early part of the war the tank-wagon position was very difficult, but this has been eased by the construction of new vehicles by Germany, and by German requisitioning of wagons from the occupied countries; but apart from this the wagon position has been continually difficult, though a factor of considerable assistance has been that many of the military and supply movements have been into or through Rumania from Germany, and in consequence the Rumanian State Railways have not had to supply the wagons for these trains. The locomotive position has been met by the transfer of locomotives into Rumania by Germany; in addition to German locomotives, requisitioned French locomotives are said to be stationed at various sheds in Rumania.

The Rumanian State Railways are now in an anomalous position. Although a large programme of new construction and improvements has been carried out, heavy claims are being made on the system by Axis war traffic, with the result that the facilities available for ordinary commercial traffic

497 and for passenger travel are severely limited. However, unless there is severe destruction in the later stages of the war, in the long run the Rumanians are bound to benefit from the capital investment in railways, and from the new construction and improvements which have been carried out to meet Axis needs. These improvements though planned long ago, could never have been carried out with the limited financial and technical resources previously available, and could not have been executed so quickly but for German assistance.

B. ROADS

491 Rumania's road system was, by Western European standards, very poorly developed before the war, there being only one International motor road which formed the continuation of the route from Hungary via Oradea Mare—Cluj—Sibiu—Brașov—Bucarest—Giurgiu and a branch line Bucarest—Olenița. Apart from this one major road, the system consists of untarred roads, many of which are in a poor state of repair.

The total length of the road system was reported early in 1943 to be 83,098 km. (51,070 miles), with only 12 per cent. in good state of repair, 22 per cent. being mediocre and the remainder in bad condition. Ownership of the total network is divided as follows :—

State roads	..	11,465 km. (7,118 miles)
Provincial roads	..	26,181 km. (16,272 miles)
Communal roads	..	44,452 km. (27,620 miles)

in 1936 there were some 34,000 cars registered.

The development of the road system has long been the dream of Rumanian propagandists, particularly as a stimulus to tourist traffic, but before the war no large-scale development could be embarked upon because of the lack of available capital.

499 Since the war, work has been started on an ambitious programme of road development, the objects of which are to improve communications between urban systems and to link the system with the International road network.

An Italo-Rumanian road company has started work on the Rumanian sector of one of the future trans-European roads, Trieste—Beograd—Turnu Severin—Bucarest—Constanța, while under a five-year plan, with an expenditure of 75 md. lei, some 5,000 km. (3,100 miles) of road are to be modernised with the help of German and Italian contractors.

C. SHIPPING

1. Introduction

505 439 A high percentage of Rumania's foreign trade is water-borne (55 per cent. in 1937), as not only is she situated on the Black Sea, but the Danube traverses the full west to east length of the country, forming an important traffic route and link with Central Europe.

The following table shows comparative tonnages for sea and river traffic in 1937 and 1938 :—

	1937	1938
	'000 *metric tons*	
Sea :		
Imports	622	540
Exports	6,918	5,222
River :		
Imports	1,890	1,588
Exports	3,161	2,688

As a result of the cutting-off of overseas markets since 1940 an increasing share of the country's

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of transit traffic (mainly downstream). Traffic with other riparian states was apportioned as follows :—

	From Rumania	*To Rumania*
	'000 *tons*	
Germany	220	40
Austria	390	20
Czechoslovakia	440	30
Hungary	300	150
Yugoslavia	200	—
Bulgaria	80	3
	1,630	243

The composition of inland-water traffic has been fully analysed only at the Iron Gates, at the western end of the Danube's Rumanian course. In the traffic shown below, the upstream traffic consisted mainly of Rumanian exports, while the downstream traffic was made up of imports and transit traffic in approximately equal proportions.

Traffic in '000 metric tons at the Iron Gates :—

	1938	193[illegible]
	Upstream	
Total	1,362·5	1,864·[illegible]
of which (main items only) :		
Timber	20·1	11·[illegible]
Iron	21·1	13·4
Wheat	30·3	300·6
Barley	49·8	68·[illegible]
Maize	25·1	125·[illegible]
Petroleum and its products	787·7	1,046·1
Salt	30·8	31·7
	Downstream	
Total	489·3	771·2
of which (main items only) :		
Iron	77·2	22·2
Timber	67·6	86·5
Wheat	74·4	363·0
Maize and oats	79·6	28·2

Little is known about traffic since Rumania finally joined the Axis in 1941. As a whole, it is below pre-war level as a result of a great decrease in the amount of grain coming forward. This has been partly, but certainly not entirely, counterbalanced by a slight increase in oil traffic, by the probable diversion of rail traffic to the Danube and by military traffic. The most important individual traffics at the present time are as follows :—

(*a*) Oil shipments from Giurgiu (i) upstream to Italy (50-70,000 tons a month), to Germany (possibly 30-50,000 tons a month), and (ii) downstream to German forces in South Russia (quantity unknown, but may be substantial).

(*b*) Downstream supplies of (i) coal to Rumanian railways (part only of total supply), and of (ii) military equipment, stores, etc., to South Russia (quantities unknown).

(*c*) Upstream supplies of (i) some S. Russian products, including grain (perhaps 20,000 tons a month) and possibly iron and manganese ore (quantities unknown), as well as of (ii) some small quantities of Rumanian exports of agricultural products.

2. Navigation

The Iron Gate Sector of the Danube between Orsova and Turnu Severin, with its rapids and reefs causing violent currents, is particularly difficult for navigation, and the use of specially

206 Rumania was connected by telegraph to Prague, Istanbul, Odessa and Belgrade.

2. Submarine Cables

There was a submarine telegraph cable from Constanța to Kilvos, which was used on the Bucarest—Istanbul telegraph circuit.

3. Wireless.

207 Rumania was fairly well equipped with wireless stations, but after the Government took them over from "Air France," who originally installed them, their working became less efficient. At the beginning of the war there were three broadcasting stations, of which the most powerful was the Radio Rumania, a 150-kW station at Bragov; 14 wireless stations for civil airlines, and a number of radio beacons, government and commercial stations and police wireless stations.

II. War-time Developments

1. Telegraph and Telephones

206 It was reported in 1941 that the Germans had laid a telephone cable from Berlin to Bucarest ● 722 through Czechoslovakia and Hungary.

2. Wireless

207 In May 1942 it was reported that the wireless 722 headquarters in S.E. Europe for the "Lufthansa" was at Bucarest. Budapest, Venice, Rome, Belgrade, Zagreb and Sofia are all controlled from this headquarters. An internal Rumanian network for purely military purposes is also worked from Bucarest.

It was learnt in 1943 that there was a plan for the construction of four new medium-wave transmitters to replace existing stations. The new stations were to be at Iași and Timișoara and in Bucarest and Transylvania. A new 50-kW. short-wave transmitter for foreign broadcasts is also planned.

16. Notes

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1. *Materials for Heat, Light, etc.*—Though only the most important consumers are shown in the table, nearly all European countries were purchasers.

2. *Cereals and Pulses.*—The figures for one year are but small guide to an export dependent upon harvests in buyers' and sellers' countries, but there never has been any doubt as to Rumania's importance as a European granary. Wheat was normally about one-half and maize one-sixth of the class, and Germany usually bought about one-third of the whole export, which lately ranged between 25 per cent. and 33 per cent. of all exports.

3. *Timber.*—This lost much of its importance between 1925 and 1933, when exports fell to 1 milliard lei. The recovery was gradual, though steady. Exports accounted in recent years for between 9 per cent. and 11 per cent. of total exports.

4. *Livestock* increased in value from 1.3 milliard lei in 1937 to 1.8 milliard in 1939, representing a rise from 4.2 per cent. to 6.7 per cent. of all exports. Pigs consistently composed half the class and cattle one quarter.

5. *Seeds* at 1.1 milliard lei in 1938 maintained the class at 5 per cent. of total export trade. Oilseeds represented three-quarters of the class, and of these Germany bought more than half.

6. *Edible Animal Products* increased 50 per cent. in value from 1938 to 1939, reaching a total of 958 million lei, of which nearly one-half was eggs and one-quarter fresh meat (chiefly pork). While the sales of these two commodities were advancing year by year, those of poultry and lard steadily declined.

In 1939 Germany displaced U.K. as the best buyer.

D. WARTIME CHANGES

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Inclusion in the blockade area and consequent severance from former overseas markets has made Rumania increasingly dependent on Germany, both as a market for her exports and as a supplier of essential raw materials and machinery.

Rumania's export surplus has been very considerably reduced during the war period. The

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chief pre-war exports have all suffered. Agricultural produce particularly has been affected, as a result of poor harvests. The export of wheat and maize, which averaged a total of 1.32 million tons between 1935 and 1938, did not amount to 200,000 tons from the 1942 harvest. Timber exports, which ranked third before the war, have dwindled to less than 5 per cent. of the quantities exported in 1937 and 1938.

Oil exports now take first place, amounting to 63 per cent. of the 1940 total by value, though, due to reduced production, the total tonnage available is below that of the peak years immediately preceding the war.

Germany's participation in Rumania's foreign trade has increased from 23 per cent. in 1937 to 46 per cent. in 1940, and during 1941 and 1942 had increased to approximately 70 per cent. of both imports and exports. German exports, however, by no means balance her imports, so that there is an ever mounting clearing balance in Rumania's favour, which was reported to amount to 30 milliard lei in December, 1942, and which causes considerable anxiety in Rumanian financial circles. However, in June 1942 an agreement was signed between the two countries by which war essential trade has to be maintained irrespective of the state of the clearing.

The chief products imported from Germany are agricultural and other machinery, iron and steel semi-manufactured and finished products, and chemicals.

Oil has become Rumania's principal export to Germany, representing in 1940 about 58 per cent. of the total value.

Italy takes second place in Rumania's foreign trade, accounting in 1941 for 11.8 per cent. of Rumanian exports and 16.1 per cent. of imports. Trade is regulated by agreements renewed annually and petroleum products constitute the principal Rumanian export, other commodities being agricultural products and livestock, both in small quantities. Italian exports in return include textiles, sulphur, fruit and military supplies.

Trade with other European countries has been on a very reduced scale. Agreements were concluded with Slovakia, Portugal, Sweden, Switzerland, Turkey, Bulgaria, Croatia, Denmark and Finland, the exchanges following obvious lines.

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largely due, first, to the conversion in 1937 of the foreign debt held by Rumanian nationals into domestic debt, and, secondly, to credits granted outside the budget and not covered by normal revenue. The drop in the foreign debt, while partly due to this conversion, was mainly due to the fact that war debts were excluded from the total.

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2. Expenditure in Wartime

After the outbreak of war, expenditure—particularly that on national defence—continued to rise. In 1941/42 a technical change was made in the budgetary system; instead of including profits from State enterprises in the ordinary budget, a separate budget was published for State enterprises. Thus expenditure was divided into three categories, (1) the ordinary budget, (2) the special national defence budget and (3) budget for State enterprises. In addition in 1942/43 and 1943/44 separate budgets were published for Bessarabia and Bucovina.

The following table shows the budget estimates for expenditure on these four accounts for the budget years from 1941/42 to 1943/44.

	milliard lei		
	1941/42	1942/43	1943/44
Ordinary budget ..	44.9	72.5	88
Special National Defence budget ..	16.0	21.0	84
Budget for State Enterprises ..	55.0	113.0	192
Budget for Bessarabia and Bucovina ..	—	6.0	10
Total ..	116.0	212.5	374

The first nine months of the Russian war fell in the Budget year 1941/42. Actual expenditure in that year was 74 milliard lei higher than the estimates, since 90 milliard instead of 16 milliard lei was spent on the special national defence budget and 12.5 milliard from the ordinary budget was allocated to Defence. Thus published expenditure on national defence accounted for over 75 per cent. of all budgetary expenditure (excluding that on State enterprises) as against 30 per cent. in 1938/39.

It is officially stated that in 1941/42 slightly over 50 per cent. of all expenditure was covered by normal resources, and the remainder by loans.

Since the outbreak of war the yield from taxation has increased, partly as a result of inflationary conditions, and partly as a result of increased rates of taxation and the imposition of new taxes.

The burden of taxation was, however, already so heavy that an increase sufficient to cover expenditure could not be achieved, and large scale borrowing became necessary.

3. Government Borrowing during the War

Early in 1941 a "Reintegration Loan" with no fixed limit for subscription was issued. It was in two parts, the one bearing 4½ per cent. interest and maturing in 30 years, the other—designed principally for agriculturalists—bearing 5 per cent. interest with 5 years' maturity. Despite the various attractions offered (freedom from taxation on interest, premiums, etc.) the response to the loan was very poor. The final date for subscriptions was repeatedly postponed, in September,

CHAPTER X

652 1941, subscriptions were made compulsorily, and in 1942 a Reintegration Tax was levied on all
●722 persons who failed to subscribe the amounts allotted to them. In spite of all this the loan had only raised some 18 milliard lei by September, 1942.

A further attempt to borrow from the public was made at the end of 1942, when the Minister of Finance was authorised to issue short term 4 per cent. Treasury Bills to a value not exceeding 20 milliard lei. As with the long term loan, interest from this loan was free from taxation.

In spite of these measures, however, considerable amounts have had to be borrowed direct from the National Bank—partly on account of extra-budgetary credits for non-military purposes, but more especially to finance the war with Russia which—at the beginning at least—was done entirely outside the budget.

In June 1941 when miscellaneous advances to the Government already amounted to 10 milliard lei, the National Bank was authorised to derogate from the provisions of its statutes and to advance any amounts necessary to cover exceptional needs. In this way a further 12 milliard lei credit on this account was put at the disposal of the Government to finance the Russian war. This credit was, however, exhausted by January 1942, but the National Bank's miscellaneous advances continued to rise, reaching nearly 30 milliard lei by June 1942. After June 1942, borrowing on this account fell considerably, only to rise at the end of the year and the beginning of 1943.

4. External Position of the Leu

652 Rumania is still officially on the gold standard, the parity of the leu having been fixed in 1929 at 1 leu=0.009 g. fine gold or 111.111 lei per kg. gold.

This parity has, however, no practical significance, since from 1935 onwards it has been the practice to pay premiums for gold over and above the official price. In order to encourage domestic production of gold additional premiums are paid to domestic gold producers, so that the effective internal price of gold varies, according to the productivity of the mine, from 400,300 lei to 807,500 lei per kg. fine gold. (*See* also section on gold, page 23.) Official dealing in "hard" currencies, too, is done not at parity but at parity plus a premium. From December 1935 to February 1940, the premiums were fixed at 38 per cent., from March 1940 to March 1941 at 107 per cent., and after the latter date at 90 per cent.

652 The last reduction of premiums from 107 per
648 cent. to 90 per cent. was made under German pressure, on the grounds that the RM., on which no premium was paid, was undervalued in relation to "hard" currencies. And at the same time as the effective rates for such currencies were lowered (in the case of the $ from 211.68—217.97 to 187.60—196 lei per $), the RM. rate was raised from 50 lei=1 RM. to 60 lei=1 RM., at which level it has since remained.

5. Prices and Price Control

435 As a result of the world depression there was a severe fall in prices during the early 1930's. Both wholesale prices and the cost of living reached their lowest level in the years 1933 and 1934. In the following years there was a gradual recovery, which became increasingly marked after 1939.

The retail price index has increased during the war, as follows:—

August, 1939	100.
January, 1940	116.6.

[52 a]

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certain fairly important Volksdeutsche savings banks operating in Rumania.

In the case of insurance, too, German companies had considerable interests in Rumanian companies even before the war. These interests have been greatly increased, the most important acquisitions being a majority holding in the Dorna Vatra company acquired by Jauch und Hubener in 1941, a similar holding in the "Franco-Romana" taken over from French hands by the Nordstern Versicherungs A.G. in the same year, and a holding taken over from French hands by a Viennese company in the "Nationala" General Insurance Company—also in 1941.

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Though the great increases in budgetary expenditure since 1939 can be attributed indirectly to Germany, the chief instruments of German financial exploitation have taken the form of advances from the Rumanian National Bank for the maintenance of German troops in the country, and for the clearing (i.e. forcing the Rumanian National Bank to make advances to Rumanian exporters whose exports were not balanced by corresponding imports from Germany).

4. Advances for Maintenance of German Troops

It was originally agreed that 1 milliard lei per month should be advanced—against an equivalent RM. credit in Berlin—to the German troops in Rumania. In fact, however, the Germans drew sums in excess of this amount, and continued to do so even after the majority of troops had left the country.

In October 1941, therefore, the National Bank refused to grant any further advances of lei for the use of the German troops. The Germans, however, brought pressure to bear by refusing to honour Rumanian invoices for goods they had received, and by borrowing from the banks through the medium of the firms which they controlled. The situation appears to have remained unchanged until January 1942, when it seems that a new agreement was reached, the National Bank once again undertaking to advance a fixed monthly sum, and in addition to make up arrears in payment. It is reported that towards the end of 1942 the National Bank had advanced some 40 milliard lei on this account.

5. The German-Rumanian Clearing

In addition to this German debt there is a further one of probably at least equal magnitude which has accrued in the clearing.

Precise figures of the actual German clearing debt to Rumania are not available and estimates vary very greatly. The amount of the debt at the end of 1942 has been variously reported at anything between 30 milliard and 100 milliard lei.

It is, therefore, reasonable to assume a minimum clearing debt at the end of 1942 of 30 milliard lei, and a minimum total debt (clearing and advances to the National Bank to the German military authorities) of 70 milliard lei—or approximately £117,000,000.

It is, however, quite possible that there is some justification for the German claim to the effect that clearing and similar debts are not wholy indicative of German commercial practices, inasmuch as certain German exports are made against long-term credits which do not enter into the clearing until several years have elapsed. In the case of Rumania, Germany is known to have granted in recent years two credits of RM. 600million each (36 milliard lei), but it is not known to what extent actual production for the German export market made it possible for Rumanian importers to utilise these facilities.

B. LABOUR POSITION DURING THE WAR

1. Military Conscription

701 The age limits for mobilisation are 19–50, while youths from 17–18 are liable for pre-military training.

During 1942 there have been several indications of the strain which further mobilisation was putting on Rumania's manpower; for example, in April 1942 the sentences on political prisoners were suspended and they were called into the army, while from July of that year onwards there has been a constant revision of previous exemptions and a tightening of control over the granting of leave and call-up. Military service, which previously had been obligatory for Rumanian citizens only, was made compulsory for all non-nationals* resident in the country, and further a decree was passed mobilising all Rumanians of military age resident abroad. [563]

It is calculated that it has never been possible for Rumania to have more than 800,000 men properly equipped under arms at one period. The actual strength of the army has fluctuated considerably during the last two years, as has the number on the eastern front, but a reasonable average figure would be 500,000, of which 200,000 on the eastern front.

727 Rumanian casualties are difficult to assess. 464 One estimate at the end of 1941 put casualties at 150,000, while total casualties up to May 1943 have been estimated at 350,000. Military mobilisation will probably have meant a loss of some 800,000 men to the general labour supply.

2. Recruitment for Germany

464 The recruitment of workers for Germany has been on a small scale, which is not surprising, as 167 Rumania's military contribution has been considerable, and the military mobilisation has already reduced the supply of labour needed for the Rumanian armament industry to a minimum. Such labour as might be available for export is unskilled and therefore of less value to Germany. The total number of Rumanian workers in Germany in December, 1942, was estimated at 14,000. Of these 10,000 were young Rumanians 18–19, who were recruited at the end of 1941 to be "trained" in German metallurgical factories. 1,000 are women employed as domestic servants; and the rest are mainly unskilled general workers.

3. Foreign Workers in Rumania

648 In addition to the German administrators and 463 directors, who are in certain of the key positions in Rumanian industry, there is also evidence of skilled German technicians in Rumanian armament factories. In 1942 there was a nucleus of the German Todt organisation, and Italian builders in the country.

727 About 40,000 Russian prisoners of war are employed, chiefly in agriculture, though also in mining and navvying work.

C. GENERAL LABOUR DEVELOPMENTS

464 In 1937 the average unemployment figure was 722 12,000. The dislocation of trade and industry on the outbreak of war temporarily caused a general increase of unemployment, which was rapidly absorbed by the military call-up and increased activity in the armaments industry. In March

* The German minority was already liable for military service, either in the Rumanian or German army and in December, 1942, it was announced that there were 30,000 *Volksdeutsche* in the Rumanian Army.

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464 722 1941 there were 2,000 unemployed, while in December 1942, it was announced that the Office of Unemployment Statistics had been abolished, as there were no unemployed. Though Rumania's military mobilisation and losses have been extensive, her labour reserves are theoretically still considerable. On the other hand, there is no doubt that both industry and agriculture are suffering a noticeable labour shortage. This is attributable to the low level of mechanisation, internal economic organisation and to the cumbersome administration, so that comparison with western countries is impossible.

1. Agriculture.

464 241 The proportion of the working population engaged in agriculture is extremely high, so that military recruitment has been principally from this source. The structure of Rumanian agriculture, which is mainly peasant farming with a low output per head, has meant that the withdrawal of some 550,000 men has been more serious than it would have been in a country where more up-to-date methods are used, and the remaining labour supply is more mobile. The normal sources of supplementary wartime labour have been drawn on—*i.e.*, the temporary demobilisation of soldiers, employment of children during the summer holidays, and presumably an increased employment of women, although there is no evidence of women having been forcibly transferred to agriculture.

[727] The most valuable supplementary labour, however, has been the employment of Russian prisoners of war, and the demand for their services has exceeded the supply. The number employed in March 1942 was 40,000. These measures to improve the agricultural labour position do not as yet appear to have had much effect.

2. Industry

162 438 178 According to the latest official census figures (relating to the year 1930) 620,000 persons were employed in industry. The following table shows in column 1 the total number employed in the main branches, and in columns 2 and 3 the numbers working in factories employing ten or more people. A comparison between columns 2 and 3 gives an indication of the growing industrialisation of the country.

	1	2	3
	1930	1930	1937
Food	122,000	25,200	34,700
Textiles and Clothing	155,000	34,800	70,500
Metallurgy	101,000	32,000	49,500
Timber	94,000	31,000	44,000
Mining	53,000	n.a.	n.a.

Allowing for the increased industrialisation during the years 1930–39, and for the general increase in the total population to some 20,000,000, it is estimated that by 1939 the number of industrial workers in Greater Rumania would have risen to some 750,000.

With the loss of part of the provinces of Transylvania, Crişana and Maramureş, Rumania suffered a fairly considerable loss in industrial workers, so that added to the expulsion of Jews, repatriation of Germans, etc., and military mobilisation, it is estimated that at the end of [468] 1942 the numbers engaged in industry would not exceed 550,000.

As in the case of agriculture, the structure of Rumanian industry tends to prevent a thorough rationalisation and concentration of the available industrial labour.

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